

Energy Secretary supports vote to lower California electricity prices

Energy Secretary Bill Richardson directed Western's representative on the California Independent System Operator Board of Directors to vote to lower the price cap for wholesale electricity purchased by the ISO.


The ISO Board voted Aug. 1 to reduce the amount per megawatthour the ISO can pay for power from \$500 to \$250.

Jerry Toenyes, SN regional manager and ISO Board member, took part in the voting on this decision.

"It is clear that something is wrong with California's

electricity market," Richardson said. "The prices paid for power on certain days this summer have been far in excess of what one would expect from a properly functioning competitive market. We must act to protect the interests of the residents and businesses of California until the problems with the market can be fixed."

The California ISO Board previously voted on a proposal to lower the price cap on June 28 and again on July 6. On both occasions the votes failed with Toenyes voting against reducing the caps each time. "Western believed that a lower price cap might not create the appropriate incentives for much needed new generation in the state," Richardson said.

"I understand these concerns; however, the situation has gotten progressively worse and we must now support short-term measures, such as a lower price cap, that will enable us to correct market imperfections. We still need to focus long-term efforts on establishing rules of the road that encourage investment in new generation and transmission facilities and energy efficiency," the Secretary added. 



SN Regional Manager, **Jerry Toenyes** pauses during the ISO board meeting Aug. 1. (Photo by AP/Wide World Photos)